

Sponsor Statement for SB 48

Equity in Education Funding Act

An Act relating to the determination of full and true value of taxable municipal property for purposes of calculating funding for education and certain other programs; and relating to incorporation of second class boroughs in the unorganized borough and to annexation of portions of the unorganized borough to boroughs and unified municipalities.

Released: February 9, 2001

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Last year the Department of Education and Early Development distributed over \$121 million in General Fund money to fund K-12 educational programs in 19 Regional Educational Attendance Area (REAA) school districts from which no local match dollars were required from its local residents to help support their children's educational needs. Meanwhile, citizens residing in Alaska's organized municipal school districts were required by state law to contribute \$144 million local dollars to support their local education.

The reason for this apparent unfair disparity in state law is simple: residents of an REAA school district live within a community or area of our state that does not have the authority to levy or collect taxes and, therefore, cannot be mandated by the State to contribute any local dollars towards education. Senate Bill 48 recognizes this unequal level of personal responsibility and establishes a procedure to analyze the readiness of the people in unorganized Alaska to establish a system of local government with the powers of taxation and thereby the capability of assisting in funding the K-12 education of their children.

This legislation acknowledges that, while all communities of Alaska are perhaps not financially able to sustain a borough government, some areas of the state may very well have developed the capacity to operate boroughs or may meet applicable standards for annexation to current boroughs. Senate Bill 48 directs the Department of Community and Economic Development to annually present to the Local Boundary Commission a list of areas in the unorganized borough that reasonably appear to satisfy existing standards for borough incorporation or annexation.

The Local Boundary Commission will consider and then select from this list areas that may warrant incorporation or annexation. The Department of Community and Economic Development will then draft an incorporation or annexation petition for the selected area, hold local public meetings, and finalize and file the petition. Upon receipt of the final petition, the Local Boundary Commission will hold additional local public meetings and either accept or reject the petition as conforming or not conforming to existing applicable incorporation standards.

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If, after a thorough review, the Local Boundary Commission accepts the incorporation or annexation petition, the decision will be submitted to the Legislature for an additional legislative review. If the Legislature does not reject the recommendation within a prescribed period of time, the new borough or annexation is approved.

It is important to note that SB 48 merely creates a new option in which a petition for borough incorporation or annexation is originated. After the petition is filed, the Local Boundary Commission will follow a process for legislative review that has been in place since statehood. That is, the current standards for incorporation will be followed as well as the current procedural requirements currently in state law. The selected area population must be suitably large, homogenous, and demonstrate the stability to support borough government before it is considered for incorporation or annexation.

Delegates to the Alaska State Constitutional Convention clearly envisioned in Article X that organized boroughs would be established wherever citizens were ready for and capable of assuming the responsibilities of local government. Senate Bill 48 assists in the formation of these boroughs. With the creation of an organized borough, its citizens will be empowered to contribute local dollars to supplement State funding for the operation of their schools, assist in the financing of new schools, and through cost efficiencies, be able to direct more local funds toward student instruction. In other words, the new borough residents will have an opportunity to improve their local educational system with their own local dollars.

Senate Bill 48 continues a process that began some 40 years ago with the passage of the Borough Act of 1961. A stronger, financially sound educational system throughout all areas of the State will be one of the major benefactors of this legislation.

I respectfully request your consideration and support of SB 48.